

# **Mahbub ul Haq: The Pioneer of Human Development Approach of Economic Growth<sup>1</sup>**

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*“Mahbub ul Haq as a person was much larger than all the parts that combined to make him the person he was. He was, of course, an outstanding economist, a visionary social thinker, a global intellectual, a major innovator of ideas who bridged theory and practice, and the leading architect in the contemporary world of the assessment of the process of human development. These achievements are justly celebrated, but, going beyond the boundaries of each, this was a human being whose combination of curiosity, lucidity, open-mindedness, dedication, courage and creativity made all these diverse achievements possible.” (Amartya Sen, The Idea of Justice, Journal of Human Development, Vol. 9, No. 3. November 2008)*

Mahbub ul Haq profoundly changed the way development policies were framed and practiced. He questioned the prevalent development philosophy and pioneered the concept and practical application of the human development paradigm, thus revolutionizing economic and social development policies. He provided the world with a statistical measure (Human Development Index) to quantify the indicators of economic growth with human development. Nobel Laureate Amartya Sen put it correctly when he said, *“This initiative in global communication...was no more than one instrument this creative man used as an essential component of his fight against deprivation and unfreedom across the world. We have to remember that Mahbub wanted to change the world – not merely to measure it.” (A. K. Sen 2008)* This was the heart of what Mahbub ul Haq wanted to do – to focus on the deprived populations of the world through his communication tools (HDR, HDI) and the vantage point of the UN.

## **Evolution of Mahbub ul Haq’s ideas**

*“The objective of development must be viewed as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment, and inequalities. The concerns for more production and better distribution should be brought together in defining the pattern of development.”*

Mahbub ul Haq in *The Poverty Curtain*, Columbia University Press, New York 1976

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<sup>1</sup> This paper, prepared in Nov. 2011, is part of a series of speeches/lectures on Mahbub ul Haq prepared by Khadija Haq

Mahbub ul Haq's experience with Pakistan's development planning in the 1960s convinced him early in his professional life that focusing on GNP growth without giving attention to its content, structure and distribution would not deliver a sustainable and equitable development of a country. He questioned the wisdom of the development economists of that time, including himself, who were 'chasing elusive per capita income level' that focused on growth rates without giving any consideration to its distribution and social impact. In May 1971 at a SID conference in Ottawa he raised many eyebrows in the international community by declaring 'It is time to stand development theory on its head, since a rising growth rate is no guarantee against worsening poverty.'

Mahbub ul Haq based this statement on his experience in Pakistan where despite respectable growth rates of GNP in the 1960s, unemployment had increased, real wages had declined, and the income disparity between East and West Pakistan had nearly doubled. (Later on the two parts of Pakistan separated and East Pakistan became the independent country of Bangladesh). As Haq said, *'we do know that the rate of growth, as measured by the increase in GNP, has been fairly respectable in the 1960s, especially by historical standards. We also know that some developing countries have achieved a fairly high rate of growth over a sustained period. But has it made a dent on the problems of (mass) poverty? Has it resulted in a reduction in the worst forms of poverty – malnutrition, disease, illiteracy, shelterless population, squalid housing?'*<sup>2</sup>

Orthodox economic development policies at the time were not only preoccupied with GNP growth but the policies for growth were also divorced from those of distribution. This was due, as Haq asserted, to the misguided faith of policy makers in the fiscal systems of developing countries and on their misjudgment of economic and political institutions. He wrote at that time, *'We know now that the coverage of these fiscal systems is generally narrow and difficult to extend. We also know that once production has been so organized as to leave a fairly large number of people unemployed, it becomes almost impossible to redistribute incomes to those who are not even participating in the production stream.'* He went on to contend, *'Divorce between production and distribution policies is false and dangerous. The distribution policies must be built into the very pattern and organization of production.'*<sup>3</sup>

Mahbub ul Haq refined these ideas and fed into the UN global conferences of the 1990s, using the publication and outreach of the UNDP Human Development Reports. The World

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<sup>2</sup> Mahbub ul Haq, *Employment in the 1970s: A New Perspective*, in Society for International Development, *International Development Review* 1971/4.

<sup>3</sup> *ibid*

Summit for Social Development in 1995 and the Beijing Conference on Women a few months later were particular points of focus. The HDR1994 outlined an agenda and proposed key policies for the World Summit as HDR1995 did for the Beijing Conference. The impact of both documents went far beyond the conference walls.

The creation of the Human Development Report, with a small group of Haq's friends on the ideas and approach, provided the opportunity for a major intellectual breakthrough. Haq's critical partner in this was Amartya Sen, a close friend of Mahbub, whose originality and depth would win him the 1998 Nobel Prize in economics. Mahbub provided the drive, inspiration, eloquence and intellectual passion to the development of human development approach to economic growth. Sen helped formulate the concepts and underlying theory. Together they ensured that the human development approach evolved with the depth and relevance of a new paradigm.

### **Human Development paradigm: The concept, application and the influence**

The human development paradigm was conceived, articulated and advocated around the world by Mahbub ul Haq. In the 1990s this was recognized as one of the few great ideas of the 20<sup>th</sup> century. The human development model goes beyond treating human beings as only a means to the production process. While human productivity is an essential element of economic growth, to treat human being as only a resource for the production process obscures the centrality of people as the ultimate end of development.

Human development is concerned not only with building human capabilities through investment in education and health, it is also concerned with using those capabilities fully through an enabling framework for growth and employment. Human development model regards economic growth as essential, but pays equal attention to its quality and distribution, its link to human lives and to its sustainability.

The critical difference between economic growth model and human development model is that the first focuses exclusively on the expansion of income while the second embraces the enlargement of all human choices – economic, political, social and cultural. The human development model questions the presumed automatic link between expanding income and expanding human choices. Such a link depends on the quality and distribution of economic growth, and not only on the quantity of such growth. A link between growth and human lives has to be created consciously through deliberate public policy – such as public spending on social services, and fiscal policy to redistribute income and assets. Such a deliberate, forward-looking and equitable public policy has been lacking in many developing countries.

Haq argued, through the UNDP *Human Development Reports*, that people are both the end and chief means of development, whereas economic growth is only a means. To lead a long and healthy life, to be educated, and to enjoy a decent standard of living are the most critical elements of human development model. Other elements such as political freedom, broader human rights and environmental sustainability have also become important components of human development. The genius of human development framework stems in large part from its ability to flexibly absorb a broad complex agenda while remaining relevant as an analytical tool and foundation for conceiving creative policy and institutional reform ideas.

### ***Human development index***

Before the advent of human development, the dominant yardstick for measuring economic progress was gross national product which, according to Mahbub ul Haq, was deeply flawed as it remained silent about the character and quality of economic growth and its distribution. There was a long search for a more comprehensive measure that could serve as a better yardstick of socio-economic progress of nations. The principle that guided the authors of the index was that the index must be able to measure the basic components of human development that include: to live a long life, to acquire knowledge and to have a comfortable standard of living. Life expectancy was chosen as an index of longevity; schooling and literacy as an index of knowledge; and GDP per capita adjusted for purchasing power parity as an index of access to a number of economic choices.

Thus HDI began as a simple aggregate of indicators reflecting three major components of human development: longevity, knowledge, and command over resources needed for a decent standard of living. Countries were ranked according to their performance in HDI. (See tables 1, 2 and 3 below)

**Table 1: Human Development Index (HDI) and its components in South Asia, 2011\***

	HDI		Life expectancy at birth (years)	Mean years of schooling (years)	Expected years of schooling (years)	GNI per capita (constant 2005 PPP\$)
	Rank (out of 187)	Value				
Sri Lanka	97	0.691	74.9	8.2	12.7	4,943
Maldives	109	0.661	76.8	5.8	12.4	5,276
India	134	0.547	65.4	4.4	10.3	3,468
Bhutan	141	0.522	67.2	2.3	11	5,293
Pakistan	145	0.504	65.4	4.9	6.9	2,550
Bangladesh	146	0.500	68.9	4.8	8.1	1,529

Nepal	157	0.458	68.8	3.2	8.8	1,160
Afghanistan	172	0.398	48.7	3.3	9.1	1,416

Source: UNDP, 2011. *Human Development Report 2011*.

Note: \*: Data refer to most recent year available.

**Table 2: Gender Inequality Index (GII) and its components in South Asia, 2011\***

	GII		Maternal mortality ratio	Adolescent fertility rate	Female seats in parliament (%)	Population with at least secondary education (%)		Labour force participation rate (%)	
	Rank (out of 187)	Value				Female	Male	Female	Male
Dives	52	0.320	37	12.2	6.5	31.3	37.3	57.1	77
Lanka	74	0.419	39	23.6	5.3	56	57.6	34.2	75.1
tan	98	0.495	200	50.2	13.9	16.2	19.4	53.4	70.6
gladesh	112	0.550	340	78.9	18.6	30.8	39.3	58.7	82.5
istan	115	0.573	260	31.6	21	23.5	46.8	21.7	84.9
a	129	0.617	230	86.3	10.7	26.6	50.4	32.8	81.1
hanistan	141	0.707	1,400	118.7	27.6	5.8	34	33.1	84.5
al	113	0.558	380	103.4	33.2	17.9	39.9	63.3	80.3

Source: UNDP, 2011. *Human Development Report 2011*.

Note: \*: Data refer to most recent year available.

**Table 3: Trends in Human Development Index in South Asia and other regional countries, 1980-2011**

	1980	1990	2000	2011
Sri Lanka	0.539	0.583	0.633	0.419
India	0.344	0.410	0.461	0.617
Pakistan	0.359	0.399	0.436	0.573
Bangladesh	0.303	0.352	0.422	0.550
Nepal	0.242	0.340	0.398	0.558
Afghanistan	0.198	0.246	0.230	0.707
Hong Kong	0.708	0.786	0.824	0.898
Republic of Korea	0.634	0.742	0.830	0.897
Malaysia	0.559	0.631	0.705	0.761
Iran	0.437	0.534	0.636	0.707
China	0.404	0.490	0.588	0.687
Thailand	0.486	0.566	0.626	0.682
Indonesia	0.423	0.481	0.543	0.617

Source: UNDP, 2011. *Human Development Report 2011*.

### ***The HDI and GDP***

The HDI does not replace GDP, but it adds considerably to an understanding of the reality of a society in several aspects:

- Besides income, the HDI measures education and health and is thus multidimensional.
- It focuses the attention of policy-makers on the ultimate objective of development, which is people's wellbeing.
- It is more meaningful as a national average than income as there are much greater extremes in income distribution than in the distribution of life expectancy or literacy.
- It shows that human development gaps between nations could be reduced faster than gaps in income.
- The HDI can be usefully disaggregated by gender, geographic region or in many other ways to present relevant policy choices.

GDP by itself reveals little about how the people in a society live and breathe. It is the actual distribution and use of income that is decisive. To examine the link between economic and social progress, we must see how income is distributed and used in a society and how far it has been translated into the lives of people.

If a country's HDI rank is higher than its GDP per capita rank, this should reassure policy-makers that their social priorities are headed in the right direction and that the country is building up an adequate base of human capital for accelerated growth. On the other hand, this should also remind them that social progress cannot be sustained for long without an adequate economic base, so they should correct the imbalance on the economic growth side.

But if the HDI rank is lower than the GDP per capita rank, this should signal policy-makers that the benefits of economic growth are not being distributed equitably among all sections of society. It should prompt them to devise policies to change course. So there should be no tension between HDI and GDP measures. Both are equally useful to inform public policy.

***What is the relevance of HDI for developing countries?***

Human development model improves the economic growth model in several ways:

- First, by focusing on improving education, health and skills of people, it enables people to participate in the growth process as well as share its benefits, particularly through employment.
- Secondly, human development focuses on a more equitable distribution of income and assets which create a closer link between economic growth and human development. This is where human development goes beyond programs

of social development or social welfare. It goes beyond developing human capabilities or providing social safety nets, very important though these are, to policies for creating jobs, opening up opportunities and empowering people to participate in economic and political institutions of a country.

For policy makers of developing countries, human development model is useful in several critical areas:

1. It gives a wake-up call to national policy makers. A quick look at HDI rankings shows which countries are combining economic growth with social development and which lag behind. HDI rankings put pressure on governments to improve their performance if their neighbors or competitors are doing better.

2. It identifies the areas that need priority policy attention. Despite reasonable GDP per capita, some countries may have comparatively low HDI. So the focus of these governments has to be on improving the institutions/facilities that promote human development. Pakistan, for example, has got very low educational indicators. That is why we see numerous policy discussions to improve the situation.

3. It identifies potential for growth of a country. HDI can reveal the future potential of a country's economic growth. If a country has already built up considerable human capital then by choosing the right macro-economic policies the economic growth can be accelerated in a reasonably short time period. This has been true for India, for example. But if the human capital is missing, it would take a country a considerable time to create the human infrastructure to support and sustain economic growth.

4. Disaggregated HDI becomes a powerful tool for improving governance. HDI, disaggregated by income, class, gender, ethnicity and geographical region points out critical areas for policy interventions.

5. HDI can be used as early warning system. Disaggregated HDI can reveal the weak points in a country – such as poverty density in a particular region of a country, lack of education or employment of a particular group etc. Left unaddressed, these can lead to violence and conflicts within a country or can spill over outside the country.

6. HDI allows countries to track its performance over time.

To conclude, HDI and its disaggregated versions are important tools for policy makers in developing countries to identify the areas of strengths and weaknesses and address them accordingly.

The genius of the human development framework stems, in large part, from its ability to flexibly absorb a broad, complex agenda while remaining relevant as an analytical tool and foundation for conceiving creative policy and institutional reform ideas. Extending beyond the basic needs approach's concern for the most impoverished, HD encompasses the priorities of all nations and income levels and tackles institutional and political issues. It also measures human progress within and between countries through quantitative and qualitative indicators, as well as recognizes the importance of political interests alongside public discussion in setting a development agenda.

### ***What are the Policy implications for Pakistan?***

The pervasive economic and social development crisis that Pakistan is going through today cannot be resolved by quick-fix technocratic solutions. As the problems are rooted in the prevailing social, economic, political and institutional systems in the country, the imperative is to think in terms of systemic reforms. There is a need to create a system which, for example, can truly reform the land tenure system, set up credit institutions that work for the poor, empower women, provide quality education and primary healthcare to all, organize a more fair and equitable system of taxation, ensure justice to the poor, and establish institutions of good governance.

Second, sufficient resources must be allocated to achieve social development goals in Pakistan within a realistic and manageable timeframe. Is this possible under the current situation of resource constraint?

Third, the entire private sector and civil society need to be mobilized to achieve social development goals, not just the government.

Fourth, no social or economic development goals in Pakistan will be achieved without improving the status of women. The Constitution guarantees equal rights for women, yet its interpretation and successive amendments to the original Constitution have eroded the constitutional rights of women. Human rights of women are violated everyday under the garb of religion, custom and tradition. In every indicator of human development – education, health, employment, wage rate – females are far behind males, although whenever girls have been given the opportunity to compete with boys they have consistently outperformed them.

Finally, there must be commitment at the highest level of decision-making to improve the human condition of Pakistan. This is vital to make a significant difference. It is easy to

prescribe institutional changes that are necessary to advance development. But the reforms which are absolutely necessary are the ones the ruling groups have resisted for the last 64 years.

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